

**Liudmyla Krot, Candidate of Economic Sciences, Associate Professor**  
*Kremenchuk Mykhailo Ostrohradskyi National University*  
*Kremenchuk, Ukraine*

DOI: <https://doi.org/10.30525/978-9934-26-676-8-8>

## **IMPACT OF MACROFINANCIAL ASSISTANCE ON UKRAINE'S BALANCE OF PAYMENTS**

In the conditions of full-scale war and structural economic imbalances, Ukraine is largely dependent on external financing, in particular macro-financial assistance from international partners. Such resources play a key role in ensuring macroeconomic stability, supporting the exchange rate and financing the balance of payments deficit. Research into the impact of macro-financial assistance on the balance of payments is important for assessing the external sustainability of the economy and forming an effective economic policy of the state.

The balance of payments is a statistical report that reflects all economic transactions between residents of a country and the rest of the world during a certain period, including transactions in goods, services, income and financial assets. Its indicators are key indicators of the state's external economic balance and are used in the development of macroeconomic policy. In Ukraine, balance of payments statistics are formed by the National Bank of Ukraine in accordance with international standards [1]. The balance of payments of Ukraine for 2018–2025 is presented in Table 1.

Thus, in 2018–2019, Ukraine had a moderate current account deficit due to a negative trade balance, which was offset by capital inflows and external borrowing. In 2020, a significant current account surplus was formed due to a reduction in imports and high private transfers from labor migrants. The economic recovery caused the return of the current account deficit in 2021.

In 2022, we see a current account surplus due to grants and international assistance, and in 2023–2025, a sharp increase in the deficit due to imports, economic recovery, and military needs. Despite this, the overall balance of payments remained stable thanks to external financing.

Macro-financial assistance provided to Ukraine by international financial organizations and governments of partner states comes in the form of loans or grants and is reflected primarily in the financial account of the balance of payments, as well as in the secondary income account (in the case of grants). In times of war, the volume of external financing has increased significantly: for example, in 2024, the state budget of Ukraine received \$41.7 billion. external financing, of which about 30% were grants [2].

The impact of macro-financial assistance on Ukraine's balance of payments manifests itself through several main channels.

First, macro-financial assistance compensates for the current account deficit. During periods of economic crises and military operations, Ukraine

traditionally has a negative balance of foreign trade in goods, which forms a current account deficit. At the same time, the receipts of international assistance increase secondary income and the financial account, which allows covering this deficit without a sharp reduction in imports or currency devaluation. In particular, NBU data show that after 2022, international assistance has become a key source of financing external imbalances of the economy [3].

Table 1

**Balance of Payments of Ukraine for 2018–2025 (million US dollars)**

| <b>Year</b> | <b>Current Account</b> | <b>Capital Account</b> | <b>Financial Account</b> | <b>Errors and Omissions</b> | <b>Consolidated Balance Sheet</b> |
|-------------|------------------------|------------------------|--------------------------|-----------------------------|-----------------------------------|
| 2018        | -6432                  | 37                     | -9272                    | 1671                        | 2877                              |
| 2019        | -4124                  | 38                     | -10066                   | 1194                        | 5980                              |
| 2020        | 4248                   | -3                     | 2255                     | 1434                        | 1990                              |
| 2021        | -5457                  | 15                     | -5929                    | 2744                        | 487                               |
| 2022        | 6197                   | 183                    | 9280                     | 805                         | -2900                             |
| 2023        | -10778                 | 145                    | -20084                   | 2024                        | 9451                              |
| 2024        | -16897                 | 5116                   | -11778                   | 2068                        | -3                                |
| 2025        | -34187                 | 236                    | -46757                   | 4434                        | 12806                             |

*Source: compiled by the author for [1]*

Secondly, macro-financial assistance contributes to the growth of international reserves and the stabilization of the foreign exchange market. Foreign exchange receipts from international partners increase the supply of currency on the market, which reduces the devaluation pressure on the hryvnia. This, in turn, has a positive effect on the financial account of the balance of payments and overall macro-financial stability. Cooperation programs with the International Monetary Fund are aimed specifically at supporting Ukraine's external and financial stability in conditions of high uncertainty [4].

Third, macro-financial assistance provides financing for the state budget without using emission sources, which indirectly affects the balance of payments by reducing inflationary and exchange rate pressures. Exchange rate stability, in turn, reduces the risks of deterioration in foreign trade conditions and contributes to a more predictable functioning of the external sector of the economy.

At the same time, the impact of macro-financial assistance also has potentially negative aspects. In particular, a significant share of assistance is provided in the form of loans, which leads to an increase in external public debt. In the future, this may increase the outflow of funds under the primary income item of the balance of payments in the form of interest payments. Thus, the short-term positive effect on the balance of payments may be accompanied by long-term debt risks.

The structural impact of macro-financial assistance on the balance of payments is also important. The resources received allow financing the import of critical goods, energy and military products, which is especially relevant in

wartime. At the same time, they create the prerequisites for economic recovery and future export growth, which can improve the current account of the balance of payments in the medium term.

In modern conditions, international aid actually plays the role of the main stabilizing factor of Ukraine's external economic balance. According to international organizations, financial support programs are part of a large-scale assistance package aimed at ensuring the macroeconomic, external and financial stability of the state [4].

Thus, macro-financial assistance has a complex impact on Ukraine's balance of payments.

The main positive effects are: covering the current account deficit; growth of the financial account and international reserves; stabilization of the exchange rate; support of the state's external liquidity.

At the same time, potential risks include: growth of external debt; future income payments to non-residents; dependence of the economy on external financing.

In the long term, the effectiveness of the impact of macro-financial assistance on the balance of payments will depend on Ukraine's ability to transform the resources received into structural economic growth, export development, and increased competitiveness of the national economy.

### **References:**

1. Ukraine's balance of payments. Available at: [https://bank.gov.ua/files/ES/BOP\\_y.pdf](https://bank.gov.ua/files/ES/BOP_y.pdf)
2. Ministry of Finance of Ukraine. Available at: [https://mof.gov.ua/uk/news/the\\_ministry\\_of\\_finance\\_of\\_ukraine\\_attracted\\_417\\_billion\\_in\\_external\\_financing\\_including\\_30\\_in\\_the\\_form\\_of\\_grants-4972](https://mof.gov.ua/uk/news/the_ministry_of_finance_of_ukraine_attracted_417_billion_in_external_financing_including_30_in_the_form_of_grants-4972)
3. National Bank of Ukraine. External sector statistics. Available at: <https://bank.gov.ua>
4. IMF. Ukraine: Extended Fund Facility Program Reports. Available at: <https://www.imf.org/en/news/articles/2025/03/28/pr25081-ukraine-imf-completes-the-7th-rev-of-the-extended-arrangement-under-the-eff>